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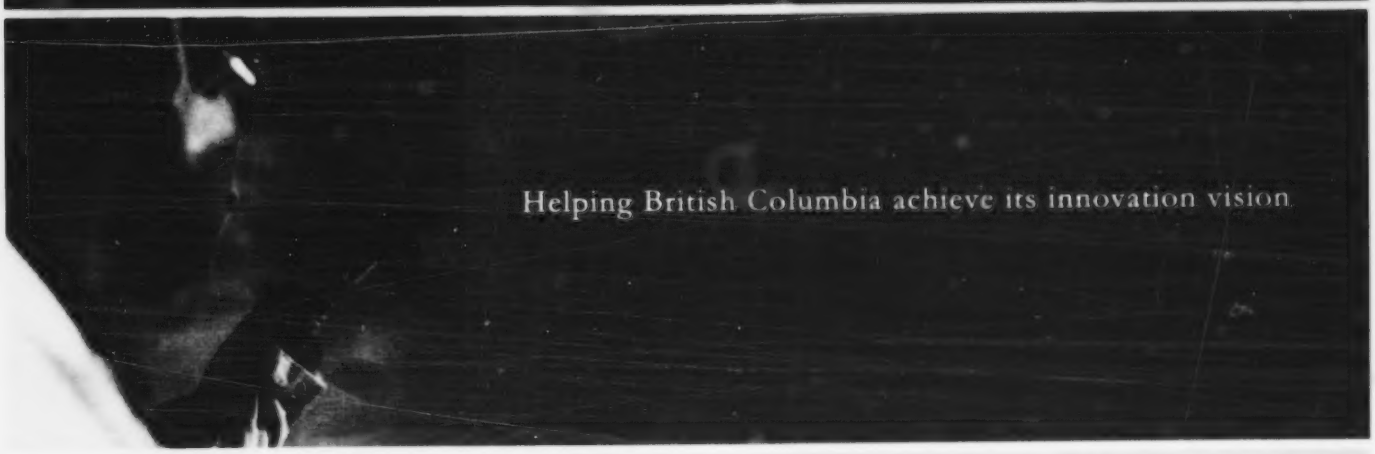
Innovation and Science Council of British Columbia

2002/2003 Annual Service Plan Report



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Science Council of British Columbia

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Note – Name Change

On March 17, 2003, the legal name of the **Science Council of British Columbia** was changed to the **Innovation and Science Council of British Columbia** through a revision to the Science Council Act.

Although all legal matters are now transacted under the name Innovation and Science Council of British Columbia, branding of materials (e.g. reports, website, stationery) will be implemented in the fall of 2003.

The name Science Council of British Columbia and its derivatives (Science Council and Council) are used within this document to refer to the agency.

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Science Council of British Columbia
25 years of innovation

104-06854/

Organizational Overview

The Science Council of British Columbia (Science Council or Council) is a provincial Crown agency that advances British Columbia's economic and social development by promoting science, technology, and innovation.

Since it was established in 1978 under the Science Council Act, the Science Council has delivered on its mandate to perform a broad range of functions pertaining to the support of research, science, and technology. It anticipates and responds to science and technology (S&T) issues that affect the province and seeks innovative approaches to better serve the public interest. The Science Council's efforts are closely linked to those identified in *Innovation British Columbia: Making the Knowledge Investment.* BC's innovation strategy is, in turn, linked directly to Canada's innovation strategy and singles out the following three objectives as imperative to the province's future success: creating Canada's fastest growing technology sector; doubling the number of graduates in technology disciplines; and committing to research through strategic initiatives.

To achieve its mandate, the Science Council provides the following services:

1. Support of initiatives related to science, innovation, and human resources development. This involves funding of research and facilitating technology transfer.

2. Development of public and corporate awareness of scientific and technological opportunities. This involves building interest and support for science, research, and innovation in the public, media, and investment communities.

3. Analysis and assessment of science, research, and technology matters. This involves conducting and publishing benchmark and other studies, providing advice to government, and promoting and coordinating the application of science and innovation.

The Science Council is funded primarily by the province of British Columbia via the Ministry of Competition, Science and Enterprise. It also receives revenue from projects and programs it manages under contract for other public and private organizations. The Science Council is committed to a strict code of openness and accountability to ensure it makes the best use of public funds.

The Science Council is located in Burnaby, British Columbia. It employs 12 full-time staff and hires contractors as required for special projects. Together, their skills cover a broad range of disciplines appropriate for the administration of the organization's programs. The Science Council also maintains an extensive network of volunteers who serve on the board of directors, peer review committees, advisory committees, and selection panels.

Volunteers create strategic, province-wide connections between the Science Council and government/industry/regional organizations, academic institutions, and corporate entities which share a common interest in improving BC's climate for innovation. ::

Guiding Principles

Our Mission

To promote economic development which in turn enhances the quality of life for residents of BC through innovative applications of science and technology.

Accountability	Credibility	Creativity	Effectiveness	Flexibility
Commits to being accountable to the province's residents and making the best use of public funds.	Fulfills its responsibilities to British Columbia as defined in the Science Council legislation and supported by government.	Seeks innovative approaches and opportunities to better serve the public interest.	Anticipates and responds to issues related to science and technology that affect the province.	Adapts to changing circumstances in carrying out its science and technology mandate.

Our Vision

To be the province's pre-eminent organization on science and technology matters that serve to promote economic development

In 1978, the Science Council was established in order to further BC's **economic growth** through science and technology. It was one of the first organizations in North America to explicitly recognize the role S&T plays in **shaping the emerging knowledge**-based economy. Since then we've been on the forefront of issues that affect the province. Our early activities helped **lay the groundwork** for a spirit of innovation that flourishes in BC through our administration of research funding, scholarships, and publication of landmark reports. Today, **innovative applications** of science and technology are **creating amazing opportunities** in life sciences, information and new media technologies, energy, ocean/marine sectors, and resource-based industries. We look forward to our continuing role in achieving an innovation **vision** for British Columbia where the future economy, productivity, and growth are based on **knowledge, technology**, and the capacity to innovate.

Chair's Message

I was greatly honoured to be appointed the Chair of the board of directors for the Science Council of British Columbia in February 2003. As a volunteer for several years, and as a former Vice-Chair, I know first-hand the important role played by the Science Council in furthering science and technology economic growth in British Columbia. The Council has developed an enviable record of successful achievements over its 25-year history, providing great value to the province through its efforts. I am proud to take on the Chair's responsibilities and I look forward to working with the board, staff, and volunteers to build on the great legacy of those who have proceeded.

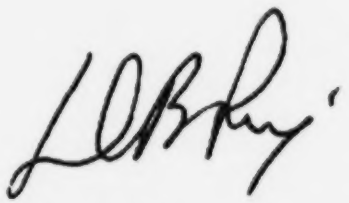
While we report here on the year past, our sights are on the future. The past year was one of substantive change in the Council's activities as the Council responded to the government's priorities and directions. The adjustments and rebalancing were significant, but by the year end, the Council was emerging with renewed vigour and enthusiasm for the tasks ahead. Programs determined to be unfair business subsidies were wound down and retired. The Council's focus was shifted to place a renewed emphasis on its roles in support of technology transfer and commercialization, and in improving public education on science and technology matters. The Council's mandate has been redefined and broadened to reflect the high priority given to innovation in British Columbia and the leadership that the Council will take. The Council's 25th year is a significant milestone – a point to celebrate the past achievements, and a point to set the course for the future.

The performance reported in this 2002/2003 Annual Service Plan Report is an outstanding reflection of the Council's flexibility, responsiveness, and determination to deliver on its science and technology economic development mission. I commend the staff, the board members, and our extensive group of volunteers serving during 2002/2003 for their dedication, perseverance, and efforts.

The Science Council is in a unique position, working where government, academic, private sector, and public interests converge. Our contacts and partners are extensive and diverse. I would like to thank the many organizations and individuals who have worked with us and whose support has contributed so importantly to our success. In particular, I thank Minister Rick Thorpe and his staff in the Ministry of Competition, Science and Enterprise. Their recognition of the Science Council's accomplishments and their vision for its future show a commitment to science, technology, and innovation, and to the creation of an environment where S&T businesses and sectors grow.

Innovative applications of science and technology are creating tremendous economic development opportunities for British Columbia in areas such as life sciences, information and new media technologies, energy, ocean/marine sectors, and resource-based industries. The Science Council is proud of the part it plays in encouraging and supporting technology-based economic development in British Columbia. We look forward to our continuing role in achieving an innovation vision for British Columbia where the future economy, productivity and growth are based on knowledge, technology, and the spirit of innovation.

In 2003/2004, as the Science Council marks its 25th year, we will become officially known as the Innovation and Science Council of British Columbia. The change is pivotal and a reflection of the important priority the Council and the province attach to moving an innovation agenda forward in British Columbia. We have an exciting future ahead. I am pleased to be able to participate and see it unfold for the benefit of everyone in British Columbia.



Dr. Don Rix, Chair
Science Council of British Columbia

President's Message

The past year has been one of the most remarkable in the 25-year history of the Science Council in terms of the structural and operational changes. The Science Council once again demonstrated the integrity, commitment, and professionalism it is known for as tough decisions were implemented. A significant rebalancing of the Council's operations was undertaken in response to the windup of several major program delivery contracts. The Council increased the relative emphasis on other aspects of its mandate while adjustments were made to operate with decreased resources. The result is an organization that is fiscally and operationally well-positioned for the challenges ahead.

The performance reported in this 2002/2003 Annual Service Plan Report reflects a truly outstanding sustained effort by the Council staff, maintained over a period of considerable uncertainty and change. Overall staff levels were reduced by 60 percent during the year. The dedication and cooperation demonstrated by all staff members, both terminated and continuing, was instrumental in achieving the orderly and successful transition to today's organization.

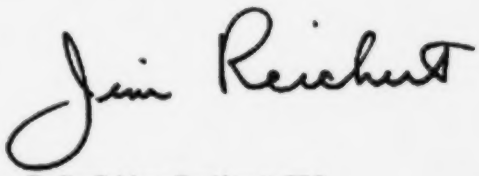
The developments during 2002/2003 made some of the objectives initially set out in the 2002/2003 Service Plan less relevant. The Council's new 2003/2004 Service Plan has been substantially updated. Despite the changes that took place, almost all of the 2002/2003 performance targets were met or exceeded.

Many highlights are recorded in this annual report, but there are a few I would particularly like to mention here. The Science Council's Annual Awards are regularly a highlight. The 2002/2003 awards were no exception. First-rate award recipients, strong sponsorship support, great organization, and excellent participation and attendance demonstrated again that this is the premier science and technology event in British Columbia. We were very pleased to have Minister Rick Thorpe and several of his colleagues in government participating. Once again, the initiative to bring student science fair winners from around the province to the awards, and to a program of science tours and visits, was a great success.

Through sectoral development activities, projects, sponsorships and other involvements, the Council has developed a remarkable network of science and technology connections and collaborators important for our success. I am proud of our achievement this past year in establishing a Science and Technology Roundtable that now regularly brings together the representatives of more than 20 British Columbia science and technology associations and organizations to share information, explore opportunities for collaboration, and undertake projects. Our collaboration in 2002/2003 with Science World to develop a "Community Science Celebrations" pilot project focused on science in the heartlands is an exciting development with great potential. The substantial partnership established with the British Columbia Institute of Technology to deliver the PEARL2 project will be creating significant international opportunities.

I would also like to recognize the excellent study and analysis work being undertaken by Council staff. Several studies, reports, and proposals were prepared during 2002/2003. Noteworthy highlights include works on ocean technologies and a comparative analysis of innovation benchmark information. All are available on our website.

Thank you to the many volunteers who have given their time and expertise to our various review and operating committees. And thank you to the members of the Council's board of directors and to the staff in the Ministry of Competition, Science and Technology. I would particularly like to express my gratitude and thanks to the Council's past Chair, Mr. Monty Little and to the present Chair, Dr. Don Rix, for providing outstanding leadership, guidance, and encouragement during an extraordinary year.



Dr. Jim Reichert, President & CEO
Science Council of British Columbia

Year in Review

The breadth and scope of the adjustments to the Science Council over the previous year were the most significant in its 25-year history. The 2002/2003 Annual Service Plan Report presents performance according to the goals and objectives identified in the 2002-2005 Service Plan. Performance areas affected by organizational changes made during the year are identified and explained.

In 2002/2003, total revenue declined to $2.0 million from $18.9 million in 2001/2002, mainly resulting from the elimination of research support programs administered and delivered by the Science Council, namely Technology BC, Forest Renewal BC, and Fisheries Renewal BC.

The Science Council's base budget was reduced from $2.1 million in 2001/2002 to $1.3 million in 2002/2003. Staffing was reduced by 60 percent and office space by 75 percent compared to the previous reporting period. The Science Council base budget was applied toward ongoing science awareness programs, research and assessment projects, and international trade development initiatives.

In late-2002, the Minister of Competition, Science and Enterprise provided a direction document recommending the Science Council refocus its business on developing and supporting awareness for S&T initiatives and providing assessments, analyses, and studies to the government on science-related matters. This became the basis for the 2003-2006 Service Plan published in early-2003 that formalizes the guiding strategy for the Science Council's future endeavors.

The Science Council began the year with several board vacancies. By September 2002, the terms of all remaining members had expired and the organization reported directly to the Ministry. At year end, the Science Council re-oriented to reflect the legislated changes to its mandate; a board was formally appointed and redefined goals and performance measures were published.

Today, the Science Council is smaller, stable, and well-positioned to deliver on its rebalanced mandate within its funding level. As a flexible and adaptable new economy organization, the Science Council is proceeding with delivery on its two primary business areas: supporting technology transfer and commercialization; and improving public education on science and technology matters. The core services it provides have been redefined from four to three. Although this report measures performance against the four objectives defined in the 2002-2005 Service Plan, the newly defined core services are as follows:

- ☐ Support for initiatives related to science, innovation, and human resources development.
- ☐ Development of public and corporate awareness of scientific and technological opportunities.
- ☐ Analysis and assessment of science, research, and technology matters.

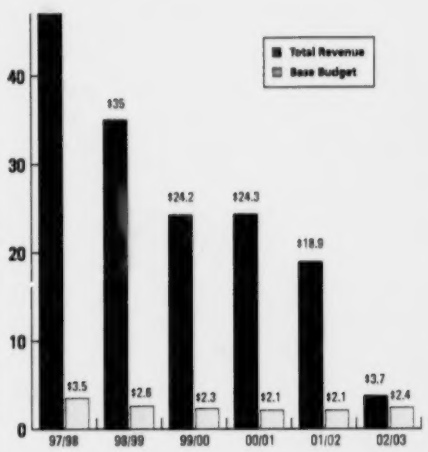
Copies of the 2003-2006 Service Plan are available online at www.scbc.org or by request from the Science Council.

Science Council highlights for 2002/2003 included leading technology transfer and commercialization activities as demonstrated in several sector development initiatives (e.g. ocean and marine technology), promoting international activities (e.g. BC's environment technology mission to China), and publishing reports such as the *BC Innovation Benchmarks* report. Public awareness in science was strongly supported through the Science Council's participation in several projects that exposed students to careers in sciences. Highlights in this area included sponsorship of provincial science fairs, administration of the GREAT, Trussell, and IBM scholarships, and the continued success of the Science Council Awards. ::

Significant Digits

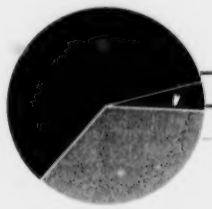
Total Revenue & Base Budget

($ millions)



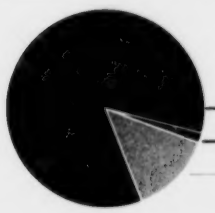
Base Budget funding accounts for the Science Council's general program delivery and administrative activities, including GREAT scholarships, on behalf of the Science, Technology and Telecommunications Division of the Ministry of Competition, Science and Enterprise.

Expenditures 2002–2003



Programs	$	3,108,049
Discretionary	$	245,975
Operating	$	1,870,599
Total	$	5,224,623

Expenditures 2001–2002



Programs	$	16,086,472
Discretionary	$	304,024
Operating	$	2,563,618
Total	$	18,954,114

The Science Council of British Columbia is a provincial Crown agency dedicated to **promoting economic development**, which in turn enhances the **quality of life** for people across British Columbia, through **innovative** applications of **science and technology**. We are a public organization whose decision-making processes are **open and accountable.** We facilitate technology transfer and implement scholarships and other career development **initiatives** as well as **build** public and corporate **awareness** for scientific and technological opportunities.

Report on Performance

Early in the year 2002/2003, organizational restructuring was initiated in response to budget reduction and the termination of R&D grants programs. For much of the year, the Science Council was in transition as it realigned itself to an operational context that emphasizes supporting initiatives related to science, innovation, and human resource development, increasing awareness of S&T opportunities, and providing analysis and assessment services. It also rebalanced its activities to address its new core business areas of technology transfer and public education of science.

The 2002/2003 Annual Service Plan Report shows performance against goals, activities, and measures published in the 2002-2005 Service Plan. However, where applicable, performance areas affected by organizational changes are presented and explained.

In the 2002-2005 Service Plan, the four strategic goals of the Science Council were to:

1. Encourage science and technology business development.
2. Stimulate strategic job creation and skill development and initiate labour market studies.
3. Foster innovative research and development.
4. Increase awareness of science and technology opportunities.

Goal 1 = Efforts to encourage the development of science and technology business were largely focused on research, technology transfer and commercialization activities in the aquaculture and ocean and marine technology sectors. The elimination of the Technology BC program, however, removed the opportunity for the Science Council to continue to promote development of small- and medium-sized businesses. On the international front, the Science Council sponsored an environmental technologies trade mission to China in order to open new avenues for trade and international R&D collaboration. As well, PEARL2, a CIDA-funded project, was started in the Philippines to encourage the competitiveness of small- and medium-sized enterprises.

The Science Council fulfilled its objective of becoming a catalyst for collaboration among science and technology organizations by hosting six roundtable and sub-committee meetings in 2002/2003 that involved major S&T stakeholders representing government, business, academia, and other S&T associations. Reports and recommendations were duly published and made available on the website.

The Science Council's *British Columbia Innovation Benchmarks* report, published in June 2002, revealed BC's comparative position in knowledge performance, skills, innovation environment and community-based innovation. The document provides a framework for assessing BC's performance against other jurisdictions and in relation to Canada's overall innovation strategy.

Goal 2 :: The Science Council continued its administration of scholarship programs. A total of 71 students were supported through three post-secondary scholarship programs. The year 2002/2003 was the last for the GREAT scholarship program. Other activities related to human resource development in S&T were discontinued due to budget and staff reductions and organizational restructuring.

Goal 3 :: The Science Council's ability to support innovative research and development was largely curtailed during the period due to the elimination of several programs. However, two new R&D initiatives were implemented, namely the Aquaculture & Environment Research Fund and the Health Products Functional Food Program. The Science Council's involvement in the new Forest Research Program under Forestry Innovation Investments was focused on the evaluation of project proposals. The Science Council's *British Columbia Innovation Benchmarks* report published in June 2002, revealed BC's comparative position in knowledge performance, skills, innovation environment and community-based innovation. The document serves as a touchstone in assessing BC's performance against other jurisdictions and in relation to Canada's overall innovation strategy.

Goal 4 :: Although some of the Science Council's traditional publications were suspended, the organization continued to promote awareness of S&T opportunities via its website, through award and recognition programs, and through the well publicized Science Council Awards Dinner. Two new initiatives were undertaken in this area: Community Science Celebrations and a general population survey of S&T awareness.

Sponsorship and support for science fairs, career development sessions, and recognition programs helped to attract students to the sciences and enable them to make informed education and career decisions. Links with the BC Science Teachers' Association were also strengthened through participation and sponsorship of several events. ::

Goal 1
Encourage science- and technology-based innovation and development

Delivery of initiatives related to research and student support

Efforts to facilitate technology transfer were made with the submission of *Assessment of Technology Transfer and Commercialization Needs in BC* in February 2003. This proposal set out to improve understanding of the technology transfer and commercialization processes within BC by providing a needs assessment and identifying measures to accelerate the processes.

Assessment of the oceans and marine technology sector was initiated through the assembly of representatives from more than 40 companies, universities, and organizations. The purpose of this initiative is to create a framework and establish the building blocks for what may become a BC ocean and marine technology cluster.

Analysis & assessment of science, research, and technology matters

The Science Council surpassed its target of four instances of advice/recommendation proposals to government. Seven briefing notes/advisory notes were issued. Report titles are: 1) *Parallels between Ontario and BC government S&T structures;* 2) *Harmonization of intellectual property management in Quebec and existing policies in BC universities;* 3) *BC Environment Technology Mission to China;* 4) *Guangdong – British Columbia Environment Management Control Cooperation;* 5) *Private Enterprise Accelerated Resource Linkage (PEARL) Project2 Award;* 6) *Aquaculture briefing to Ministry of Competition, Science and Enterprise;* and 7) *Aquaculture briefing to Ministry of Agriculture, Food & Fisheries*

It also met its performance measure by undertaking four projects: 1) BC Innovation Benchmarks, 2) Seed Capital Analysis for BC, 3) The Mentoring Matrix Model, and 4) Development of Indicators for Benchmarking Innovation in BC. There were two published studies in 2002/2003: *BC Innovation Benchmarks*, and *Development of BC's Ocean Technology Sector*, which meets the Science Council's performance target in this area. The *BC Innovation Benchmark* report was distributed directly to 281 participants at an innovation summit; 75 percent of respondents to the reader survey rated the report as "useful," which is in line with expectations. The document was downloaded approximately 2,000 times from the Science Council website since its publication in June 2002.

The Science Council met its objective by undertaking two projects to promote sectoral R&D coordination requested by external organizations. These projects are Ocean & Marine Sector Assessment (which involved the NRC Ocean & Marine Roadmap Project) and the Life Science Cluster coordination project. Two studies resulted from the former project – Development of BC's Ocean Technology Sector and the attendant ocean technology workbook – meeting the Science Council's goal in this area.

Development of awareness of S&T opportunities

Activities to promote BC as a research and development hub and were put on hold in 2002/2003 due to resource reductions, organizational restructuring, and pending redefinition of core business areas.

The Science Council fulfilled its objective of encouraging collaboration with other S&T organizations by hosting six roundtable events in 2002/2003 that involved S&T stakeholders representing government, business, academia, and other S&T associations in an effort to promoted facilitated collaboration among S&T organizations.

The Science Council met its objective by sponsoring two international S&T initiatives to increase opportunities for trade between BC companies and international partners. In November 2002, the Science Council organized the Environmental Technology Mission through which 20 BC-based individuals and firms visited Hong Kong and Mainland China with the aim to explore business opportunities and identify potential partners. All of the respondents to a survey rated their satisfaction with the mission as "satisfactory" or "better than satisfactory." The PEARL2 Project (Private Enterprise Accelerated Resource Linkage) started during the year. The purpose of this project is to support the development of small- and medium-enterprises (SMEs) in order to create jobs in the Philippines. ::

Goal 1: Encourage science- and technology-based innovation and development

			RESULTS			TARGETS			
	Activities	Measures	00/01	01/02	02/03	02/03	03/04	04/05	05/06
Delivery of initiatives related to research and student support	Initiatives to assist and support technology transfer processes	Development and implementation of new initiatives based on new Science Council mandate	New measure for 02/03		Proposal on technology transfer study prepared and submitted	Establish baseline; set target	Assessment initiated	Assessment completed and recommendations advanced	Follow-up/new study initiated as appropriate
Analysis and assessment of science, research, and technology matters	Research analysis and assessment of key issues on science, research, development, and innovation economy	Instances of advice / recommendations provided to government	New measure for 02/03		7[1]	4	4	4	4
		Number of projects undertaken	4-6 per year		4[2]	4	Combined with the results measure: Instances of advice/recommendations provided to government (e.g.: briefing notes & reports) - 4 per year		
		Number of studies published (benchmark / other report	2-4 per year		2[3]	2	1	1	1
		Readers' ratings of report usefulness	75% rate "satisfactory" or better		75%[4]	75% rate "satisfactory" or better	75% rate "satisfactory" or better	75% rate "satisfactory" or better	75% rate "satisfactory" or better
	Sector R&D coordination (aquaculture, forestry, marine, and others)	External requests for the Science Council to undertake activities	2	1	2[5]	2	Replaced with the results measure: Sectoral development priorities established for advancing science-based opportunities		
		Number of studies undertaken	1	1	2[6]	2			
Development of awareness of S&T opportunities	R&D Hub initiative to attract international technology and investment to BC	Total committed BC proponents	New measure for 01/02	28	Activity suspended[7]	25	Replaced with measures to achieve objective of increasing access: ☐ BC companies / organizations involved in international science / technology initiatives ☐ Foreign companies / organizations involved in international science / technology initiatives		
	Initiatives recommended by volunteer experts to increase awareness of and opportunities for international S&T business	Participants' and/or clients' ratings, etc. as appropriate to each initiative	New measure for 02/03		100%[8] rate "satisfactory" or better	75% rate "satisfactory" or better			
	Encouragement and collaboration with others	Participants' ratings / clients' ratings	New measure for 02/03		Activity initiated on an ongoing basis[9]	75% rate satisfactory or better	New measure for new activity: Events initiated to facilitate collaboration among science and technology organizations - 6 per year		

1 1) Parallels between Ontario and BC government S&T structures, 2) Harmonization of intellectual property management in Quebec and existing policies in BC universities, 3) BC Environment Technology Mission to China, 4) Guangdong - British Columbia Environment Management Control Operation, 5) Private Enterprise Accelerated Resource Linkage (PEARL) Project2 Award, 6) Aquaculture briefing to Ministry of Competition, Science and Enterprise and 7) Aquaculture briefing to Ministry of Agriculture, Food & Fisheries

2 1) BC Innovation Benchmarks, 2) Seed Capital Analysis for BC, 3) The Mentoring Matrix Model and 4) Development of Indicators for Benchmarking Innovation in BC

3 1) BC Innovative Benchmarks, 2) Development of BC's Ocean Technology Sector

4 Rating for BC Innovation Benchmarks

5 1) Ocean & Marine sector assessment including involvement in and events organized for the NRC Ocean & Marine Roadmap Project, 2) Life Science Cluster coordination

6 1) Development of BC's Ocean Technology Sector, 2) Ocean technology workbook

7 In response to resource reduction, organizational restructuring and pending redefinition of core business areas

8 Rating for Environment Technology Mission to China, Nov. 1-9 2002; New on-going project: PEARL2 Project (Private Enterprise Accelerated Resource Linkage)

9 S&T Roundtable

Goal 2
Stimulate strategic job creation and skill development

Delivery of initiatives related to research and student support

The Science Council administered three scholarship programs in 2002/2003 that involved 71 students enrolled in post-secondary science education, which is above the target of 65 students. The IBM Scholarship awarded 10 students each with $10,000 that went toward studies in an information technology discipline at a BC post-secondary institution. The Trussell Scholarship provided $20,000 each to two students from the Kootenay-Boundary area toward their studies in natural or applied sciences. The Science Council disbursed $1.0 million to 59 students through the GREAT (Graduate Research and Technology) scholarship program. Leveraged support for these programs was at 1:1.5, slightly higher than the 1:1 ratio that was anticipated.

Encouraging students to explore career opportunities in science is becoming an increasingly important objective for the Science Council. In line with expectations, 80 percent of the 53 students who participated in the Student Career Development Program, which provides students with practical career development and networking skills, rated the event as valuable. Sixty-nine percent of students stated that they intend to pursue careers in S&T, which is below the projected level of 75 percent, but well above the 53 percent of students in 2001/2002 who said they intended to follow this career path.

Analysis & assessment of science, research, and technology matters

Research and analysis into S&T skills development and job creation were discontinued and no studies were published during the fiscal year as a result of organizational changes and resource reductions as well as the pending redefinition of core business areas which existed for much of 2002/2003.

Development of awareness of S&T opportunities

Initiatives intended to encourage increased participation in S&T education and careers were curtailed due to necessary staff reductions. The Science Council was, however, very active in sponsoring and supporting activities that assisted complementary organizations in all areas, not just skill development. It surpassed its target of nine activities by providing funds and resources to 12 initiatives. These include sponsorship of: 1) Vancouver Enterprise Forum; 2) BC TIA Women in Technology; 3) BC Techmap; 4) China Opportunities 2002 Conference; 5) Science Fair Foundation's Provincial Awards; 6) ASI Exchange; 7) Tech 2002: Prince George; 8) Science Fair Foundation Fun Run; 9) 2003 Shad Valley – BC Delegation; 10) BC Science Teachers' Association – Science Council of BC Achievement Awards; 11) BC TIA Award for Most Promising Pre-Commercial Technology; 12) Maritime Awards Society Meeting of Experts "Revisiting the Law of the Sea." ::

Goal 2: Stimulate strategic job creation and skill development

			RESULTS			TARGETS			
	Activities	Measures	00/01	01/02	02/03	02/03	03/04	04/05	05/06
Delivery of initiatives related to research & student support	GREAT and other scholarships	Number of students supported	79	86	71	65	GREAT discontinued in 2003/04; 11 students to be supported per year for IBM & Trussel scholarships		
	Science fair students career exploration	Students' rating of career day/event	New measure for 2001/02	80% rate event valuable	80%	80% rate event valuable	80% rate event valuable		
		Students' perceptions of S&T education and careers	New measure for 2001/02	53% intend to pursue & 41% undecided	89%	75% plan for S&T career	Due to wide range of ages of participants, measure replaced with: Students involved in career development program - 100% of BC participants in Canada-Wide Science Fair		
Analysis and assessment of science, research and technology matters	Research & analysis of key issues on S&T skills development and job creation	Number of published studies	Combined with Goal 1 research and analysis activities		Activity discontinued[7]	2	Activity discontinued		
		Readers' usefulness rating				75% rate report useful			
Development of awareness of S&T opportunities	Initiatives to encourage increased participation in S&T education and careers	Participants' rating of events/ client's rating of initiatives	New measurement for 2001/02	85% rate satisfactory or better		75% rate satisfactory or better			
	Encouragement of S&T organizations to pursue supporting activities	Number of instances of supporting activities	9	9	12[10]	9	Number of instances of supporting activities in all areas - 10 per year		

10 In all areas, not just Goal 2–Skill development: 1) VEF Sponsorship, 2) BC TIA Women in Technology, 3) BC Techmap, 4) China Opportunities 2002 Conference, 5) Science Fair Foundation's (SFF) Provincial Awards, 6) ASI Exchange, 7) Tech 2002, 8) SFF Fun Run, 9) 2003 Shad Valley, 10) BC Science Teachers' Association–Science Council of BC Achievement Awards, 11) BC TIA Award for Most Promising Pre-Commercial Technology, 12) Maritime Awards Society Meeting of Experts "Revisiting the Law of the Sea"

Goal 3
Foster innovative research and development

Delivery of initiatives related to research and student support

The Science Council met its objective by allocating 100 percent of STIP (Science & Technology Infrastructure Program) funds in its trust to assist BC organizations in their preparation of R&D proposals that have the potential to gain out-of-province funding. All projects that gained STIP funding achieved their technical objectives. The Science Council also continued its management of the two-year, $225,000 EEP program (Eco-Efficiency Partnership) through which companies are provided up to $6,000 in matching funds for contracting the services of a process/environmental engineer.

The Science Council's involvement in forestry research was focused on evaluation of proposals for the Forestry Innovation Investment Program – Forest Research Program. A new contract was not received for the administration of the review processes of the Knowledge Development Fund.

Two new programs were initiated involving R&D collaboration with university and industry in 2002/2003. These were the Aquaculture & Environment Research Fund (involving the BC Aquaculture R&D Committee) and the Health Products Functional Food Program (which has input from several health product associations). The performance of these initiatives will be measured in subsequent reports.

Analysis and assessment of science, research and technology matters

Sector development activities initiated by the Science Council centered on ways to optimize long-term activities in BC's maritime economy resulted in the publication of two reports – *Development of British Columbia's Ocean Technology Sector* and an accompanying workbook – meeting the Science Council's performance objective. Approximately 3,000 copies of the combined reports were downloaded from the Science Council's website between its publication in November 2002 and year end.

Toward improving coordination of R&D and innovation initiatives, the Science Council was involved in the federal Innovation Strategy and Innovation Forum organized by the Canadian Manufacturers and Exporters association.

Development of awareness of S&T opportunities

Activities promoting BC as an R&D hub were suspended in 2002/2003 due to staffing reduction and organizational changes. ::

Goal 3: Foster innovative research and development

			RESULTS			TARGETS			
	Activities	Measures	00/01	01/02	02/03	02/03	03/04	04/05	05/06
Delivery of initiatives related to research and student support	☐ Forest related research ☐ S&T Infrastructure Program ☐ Knowledge Development Fund	Subscription of Funding	100%		STIP - 100% funding subscription & achievement of objectives; Forest Research Program - delivery of evaluation contract; KDF - no new contract; EEP[11] - implemented	100%	New Measures: R&D/S&T program delivery contracts directly managed - 4 per year		
		Completed projects achieving technical objectives	91% average	90% average		75%			
	Collaborative Academic R&D	Development and implementation of new initiative(s) based on new Council mandate	New measure for 2002/03		Two new programs implemented[12]	Establish baseline; set target			
Analysis and assessment of science, research, and technology matters	Research & analysis of key issues on innovative R&D	Number of published studies	Combined with Goal 1 research and analysis activities		2[13]	2	Replace with the results measure: Instances of advice/recommendations provided to government - 4 per year		
		Readers' usefulness rating							
	Coordination of government R&D investments	Development and implementation of new initiatives based on new Science Council mandate	New measures for 2002/03		Involvement in federal Innovation Strategy & CME Innovation Forum	Establish baseline; set target	Replace with: Events initiated to facilitate collaboration among science and technology organizations on various science and technology issues - 6 per year		
Development of awareness of S&T opportunities	R&D Hub initiative to attract international technology and investment to BC	Total committed BC proponents	New measure for 2001/02	28	Activity Suspended[14]	25	Combined with: BC companies/organizations involved in international science/technology initiatives		
	Science Council of BC Awards	Number of Nominations	35	33	34	Increase 5% (35)	35	35	35

11 Eco-Efficiency Partnership (EEP)

12 1) Aquaculture & Environment Research Fund including support to BC Aquaculture R&D Committee, 2) Health Products Functional Food Program

13 1) Development of BC's Ocean Technology Sector 2) Ocean sector workbook

14 Reader identity from website downloads not available

Goal 4
Increase awareness of science and technology opportunities

Delivery of initiatives related to research and student support

The Science Council met its target by issuing 26 Turning Ideas into Solutions awards to the teacher and student(s) whose projects best demonstrate a contribution to economic development at each of the province's 13 regional science fairs. The cost of the program remained stable at $2,600 a year. The Science Council participated in two other initiatives in support of student development: Student Career Development Program and the Science Achievement recognition. In total, 330 students were acknowledged through these programs. This number serves as the baseline for future performance reports. Student recognition programs included Student Career Development Program, a two-day workshop coinciding with the Science Council Awards that involved the 53 students who represented BC at the Canada-Wide Science Fair. Participants were brought to Vancouver to discuss education and career opportunities in the sciences with award winners and representatives of the business and academic communities. The Science Council also awards a Science Achievement medallion to the top science student at each of BC's 280 (apx.) high schools. This program is delivered in cooperation with the British Columbia Science Teachers' Association. The cost remained stable at $5,275 a year.

Additional initiatives to promote S&T awareness included the development of the Community Science Celebration pilot project in partnership with Science World. Community Science Celebrations is a week-long event designed to generate awareness for the economic and social benefits that science and technology bring to a region. Events and presentations are tailored to different client groups, i.e. students, teachers, parents, and businesses. In March 2003, the Ministry of Competition, Science and Enterprise allocated $200,000 to the project. The inaugural event takes place in Prince Rupert in late May 2003, with another scheduled for the Fort St. John/Dawson Creek in the fall. Assessment of this initiative is pending until post-event survey data is collected.

While the Science Council did not solely sponsor any events other than the Science Council Awards, it did support other activities that promoted awareness of science and technology matters. Sponsorship was focused on activities believed to be of high importance, enabled the organizers to offer new features or activities (such as speakers or webcasts), and reached regions difficult for the Science Council to serve directly. In 2002/2003, the Science Council supported 12 programs and events across the province including sponsorship of the BC student delegation to Shad Valley, the BC Science Teachers' Association Catalyst conference, and publication of the BC Techmap.

Analysis & assessment of science, research, and technology matters

In 2002/2003, the Science Council followed through on its intention to perform a general population survey on attitudes and awareness of science and technology. Previous surveys were conducted in 1994 and 1999. The Science Council and Science World each contributed half of the $7,400 total project cost. Although the data was acquired prior to the start of the new fiscal year, the report will be published in June 2003.

Development of awareness of S&T opportunities

In previous years, the Science Council earned media attention for its grant recipients and program success. With the termination of these efforts, the target of 17 success stories was dropped from the performance appraisal. However, the Science Council remained visible in the press. Between October 2002 and March 2003, the Science Council was mentioned in 25 media stories. Most publicity came in the form of announcements or references in newspapers, association newsletters, and online publications, and was largely focused on the Science Council Award winners and calls for award nominations.

The Science Council met its objective by publishing four online reports in 2002/2003, namely *BC Innovation Benchmarks, Development of BC's Ocean Technology Sector, Science Council Annual Report 2001/02,* and *Science Council Service Plan 2003-2006.*

One issue of *eSynapse* was published in June 2002 focusing on aquaculture issues. Following restructuring and staff reductions, the organization's flagship newsletter was put on hold until resources became available to relaunch the newsletter.

The Science Council website drew an average of 3,200 unique visitors per month, exceeding its goal of 2,200 per month. The measure is lower than the previous year's objective of 5,500 because of a reduction in traffic resulting from the elimination of business programs offered and the interruption to *eSynapse* publication.

The Science Council Awards continued to be the province's premier event honouring people who have made outstanding contributions to science, engineering, industrial innovation, and science communication. The 2003 Awards met its objectives by operating at a break-even level and a 100 percent sellout of available tickets. The Awards and winners generate a high level of media exposure, the flagship piece being an eight-page feature published as a special section in *Business in Vancouver* and reaching 62,000 readers. The feature is also provided directly to 3,000 people via mail-outs and at events.

Volunteer recruitment was curtailed in 2002/2003 as a result of the termination of several programs and organizational changes. However, volunteers continued to assist the Science Council by serving on peer review panels, on the Science Council Awards selection committee, and on special advisory committees. ::

Goal 4: Increase awareness of science and technology opportunities

			RESULTS			TARGETS			
	Activities	Measures	00/01	01/02	02/03	02/03	03/04	04/05	05/06
Delivery of initiatives related to research and student support	Regional Science Fair activity	Number of awards	26	26	26	26	Replaced with: Students given special recognition for science achievement under all student programs - 330 per year		
	Additional initiatives to support science awareness	Development and implementation of new initiative(s) based on new Council mandate	New measure for 2002/03		Community Science Celebrations initiated	Establish baseline; set target	New measure: Individuals involved in other public science and technology awareness initiatives - Baseline to be established and target set		
Analysis and assessment of science, research, and technology matters	Research & analysis of key issues on awareness of S&T opportunities	Number of published studies	Combined with Goal 1 research and analysis activity		General population survey on S&T awareness reviewed	1	Replace with: General population survey on science and technology awareness and attitudes		
		Readers' usefulness rating				75% rate report useful			
Development of awareness of S&T opportunities	Promoting success stories	Earned media	New measurement for 2001/02	17	25	20 stories	Measure dropped		
	Electronic publishing of reports and analyses	Number published	New measure for 2002/03		4[15]	4	Measure combined with other measures		
	Topical S&T and R&D *eSynapse*	Number of subscribers	(7,500 hard copies)	1,781	1,700	2,500	2,000	2,500	2,500
		Number published	New measure for 2002/03		1	8	Measure dropped		
	Newsletters (*eSynapse*)	Readers' rating			Not conducted	75% rate useful			
	Website	Number of unique visitors per month	2,000	5,600	5,000	2,200	3,300	3,600	4,000
	Science Council of BC Awards	Cost recovery	New measure for 2002/03		100%	100%	Replace with ST&T Awards Dinner deficit incurred - 10 per year		
		Ticket sales	New measure for 2002/03	108%	100%	100%	100%	100%	100%
	Public events organized by Science Council	Participants' rating of event	New measure for 2002/03		Activity put on hold	75% rate satisfactory or better	Measure dropped		
	Volunteer and sponsor recruitment	Volunteers' and sponsors' rating of their experience and/or involvement				75% rate satisfactory or better			

15 *BC Innovation Benchmarks, Development of BC's Ocean Technology Sector, Science Council of British Columbia Annual Report 2001/02 and Science Council of British Columbia Service Plan 2003 - 2006*

Corporate Governance

Board Duties

The board serves in the following capacities:

- ☐ Setting the strategic direction.
- ☐ Recruiting, empowering and monitoring the President and senior management.
- ☐ Shepherding/safeguarding the corporation's resources including approving major financial decisions.
- ☐ Measuring corporate performance and accounting regularly to the stakeholder including complying with applicable laws.

Members of the Science Council board are appointed by the government through Order-in-Council. The government also designates the chair from among the board members. The board members are appointed for a term of not more than three years. No board member may serve more than six consecutive years. The chair is the head of the board, and reports to the board and, through the Minister of Competition, Science & Enterprise, to the British Columbia legislature. The lead management position at the Science Council is the President and Chief Executive Officer, whose role encompasses both personnel and operational issues.

Active Board Members | Date appointed

Dr. Don Rix, Chair
MDS Metro | 02.2003

Mr. Monty Little, Vice Chair
Syndel Laboratories | 02.2003

Mr. Hector MacKay-Dunn
Farris, Vaughan, Wills & Murphy | 02.2003

Dr. Jim Reichert
Innovation and Science Council of British Columbia | 02.2003

Dr. Tim Walzak
Innovation and Development Corp. University of Victoria | 02.2003

Former Board Members | Date retired

Dr. Michael Levy
New Heights Software | 09.2002

Ms. Dawn Miller
Innovation Resource Centre | 09.2002

Ms. Claudia Trudeau
KAST | 09.2002

Board Committees

1 The **Audit Committee** reviews and recommends the acceptance of annual financial statements and the Auditor's Report. The Audit Committee helps to ensure that internal controls are properly designed and performed and that the external audit function has been effectively carried out. The Committee also appoints the Council's auditors.

Dr. Don Rix, Chair
MDS Metro

Mr. Hector MacKay-Dunn
Farris, Vaughan, Wills & Murphy

Management Committee

As at March 31, 2003:

Dr. Jim Reichert
President and CEO

Mr. Gary Kuno
Director, Finance and Administration

Mr. Rob Lauridsen-Hoegh
Manager, Communications

Ms. Cindy Lum
Manager, Operations

Glossary

Earned Media :: indicates frequency of media coverage that refers to the Science Council within the context of a story.

Innovation :: refers both to the outcome and the creative process of applying knowledge to the development of new products and services or to new ways of designing, producing or marketing an existing product or service for public and private markets. As an outcome, there is the characteristic of newness in innovations — a world first, new to Canada or simply new to the organization that applies them. As a process, there is the existence of many and important links which connect the prototype of a product or service with the marketplace.

Innovation Economy :: an economy whose primary source of wealth creation is knowledge and innovation. Growth in an innovation economy is not limited by capital or labour but is sustained by the ability to generate new ideas and translate them into highly valued outputs.

Leverage :: matching funds or in-kind contributions made by recipients of Science Council grants or by Science Council partners in joint activities.

Participant or Client Ratings :: participants' or clients' satisfaction with events or initiatives measured through a survey. It reflects the effectiveness or success of the event or initiative.

Program Funding Subscribed :: percentage of program funds available for the year that has been committed to projects.

Related Scientific Activities :: major activities are education support, information services, special services and studies, technical surveys, statistical surveys, and museum services.

Research & Development :: creative work undertaken on a systematic basis to increase the stock of knowledge, including the knowledge of people, culture and society, and use of this stock of knowledge to devise new applications.

Science and Technology :: includes two distinct but linked sets of activities, namely, research and development and related scientific activities.

Science and Technology Awareness :: attitudes and predisposition towards science and technology which are based on beliefs and feelings and are manifest in a series of skills and behavioural intentions from a desire to access scientific and technological knowledge, confidence to explore ramifications of that knowledge, understanding of key ideas/products and how they came about, to evaluation of the status of scientific and technological knowledge and its significance for personal, social and economic life.

Science and Technology Careers :: professional and technical occupations in the natural and applied sciences.

Science Council Volunteers :: persons who contribute valuable expertise by serving in the Science Council's board of directors, peer review committees, program advisory committees and special project groups. Their involvement reflects effectiveness in involving community support for Science Council activities.

Subscriber Demand or Use :: requests received for reports and publications and follow-up through reader surveys of the usefulness of the reports and publications.

Unique Website Visitors :: persons visiting the website for the first time in any given day; and indicates interest in and awareness of the Science Council's website and activities.

Management Discussion and Analysis

The Science Council's financial statements for 2002/03 now fully reflect the impact of the decisions resulting from the core services and business subsidies review process. The provincially funded Technology BC and GREAT scholarship programs, along with other research programs administered by the Council (Forest Renewal BC and Fisheries Renewal BC), have been terminated. Final disbursements for the terminated programs have been made and the Council's operations have been adjusted in line with the new base funding levels. This has involved a move to new premises and a downsizing of the operation, including a 60 percent staff reductions.

The impact on the financial statements for this and future years is that there will be fewer flow-through awards funds represented on the statements and consequently, lower overall levels of revenues and expenditures.

The Statement of Financial Position has a new look in that there are fewer funds (columns) represented on the statement. This is due to the elimination of the corresponding programs. The impact of the terminated programs is reflected in the reduced amounts for Awards Receivable and Accrued Awards Payable compared to the previous year. The financial position of the Council continues to be strong as indicated by the current ratio (ratio of current assets to current liabilities) of 2.56.

The Statement of Appropriations shows the transfer of program surpluses from the wound-down programs to base funding.

Innovation and Science Council of British Columbia

(Previously Science Council of British Columbia)

Financial Statements

For the Year ended 31 March 2003

Science Council of British Columbia

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Financial statements prepared by:

ROLFE, BENSON
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Auditor's Report

To the Board of Directors of the Innovation and Science Council of British Columbia and
to the Minister of Competition, Science and Enterprise,
(Previously Science Council of British Columbia)

We have audited the statement of financial position of the Innovation and Science Council of British Columbia (Previously Science Council of British Columbia) as at 31 March 2003 and the statements of operations and appropriations, and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at 31 March 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

"ROLFE, BENSON"
CHARTERED ACCOUNTANTS

Vancouver, Canada
9 May 2003

Statement of Financial Position

31 March 2003

	Base	B.C. STIP	Health Product & Functional Food	Capital Assets	Total 2003	2002
	$	$	$	$	$	$
Assets						
Current						
Cash and short term investments (Note 5)	1,971,675	–	–	–	1,971,675	7,887,539
Accounts receivable	231,398	–	–	–	231,398	110,888
Awards and contributions receivable	148,750	305,758	–	–	454,508	1,816,398
Interest receivable	8,584	–	–	–	8,584	35,142
Prepaid expenses	4,209	–	–	–	4,209	40,158
Due from programs	108,268	–	15,401	12,000	135,669	6,908,746
	2,472,882	305,758	15,401	12,000	2,806,051	16,799,887
Capital assets (Note 3)	–	–	–	145,118	145,118	182,101
	2,472,882	305,758	15,401	157,118	2,951,187	16,981,058
Liabilities						
Current						
Accounts payable and accrued liabilities	308,571	–	–	–	308,571	101,658
Accrued awards and projects	482,682	170,089	–	–	652,771	8,307,213
Due to programs	–	135,669	–	–	135,669	6,908,746
	791,253	305,758	–	–	1,097,011	13,317,617
Appropriations						
Invested in capital assets	–	–	–	157,118	157,118	204,191
Externally restricted	–	–	15,401	–	15,401	867,050
Unrestricted (Note 1 (k))	1,681,639	–	–	–	1,681,639	2,602,191
	1,681,639	–	15,401	157,118	1,854,158	3,673,441
	2,472,882	305,758	15,401	157,118	2,951,187	16,981,058

Approved by the Council:

Member

Member

The accompanying notes are an integral part of these financial statements.

Statement of Appropriations

For the Year Ended 31 March 2003

	Base	Technology B.C.	Forest Renewal B.C.	B.C. STIP	Fisheries Renewal B.C.	Health Product & Functional Food	Capital Assets	Total 2003	Total 2002
	$	$	$	$	$	$	$	$	$
Appropriations - beginning of year	(1,310,327)	1,977,711	2,802,191	–	(325)	–	204,191	3,673,441	2,190,600
Excess (deficiency) of revenue over expenditures after reductions	(1,118,584)	27,378	(629,907)	227	(18,833)	15,401	(94,967)	(1,819,285)	1,482,841
Transfers (Note 1(h))	4,110,550	(2,005,089)	(2,172,284)	(227)	19,158	–	47,892	–	–
Appropriations - end of year	1,681,639	–	–	–	–	15,401	157,116	1,854,156	3,673,441

The accompanying notes are an integral part of these financial statements.

Statement of Operations

For the Year Ended 31 March 2003

	Base	Technology B.C.	Forest Renewal B.C.	B.C. STIP	Fisheries Renewal B.C.	Health Product & Functional Food	Capital Assets	Total 2003	Total 2002
	$	$	$	$	$	$	$	$	$
Revenue									
Contributions from the Information, Science and Technology Agency									
Base budget	1,300,000	–	–	–	–	–	–	1,300,000	2,088,334
Green Economy	–	–	–	–	–	–	–	–	22,865
Technology B.C.	–	–	–	–	–	–	–	–	1,023,250
Aquaculture - Program	364,403	–	–	–	–	–	–	364,403	27,457
B.C. STIP	–	–	–	164,905	–	–	–	164,905	23,202
ECO-Design	20,000	–	–	–	–	–	–	20,000	125,686
Fisheries Renewal B.C.	–	–	–	–	(23,456)	–	–	(23,456)	213,131
Forestry Innovation Investment	81,600	–	–	–	–	–	–	81,600	–
Forest Renewal B.C.	–	–	–	–	–	–	–	–	14,830,095
Health Product & Functional Food	–	–	–	–	–	20,000	–	20,000	–
I.B.M. Development Scholarship	95,000	–	–	–	–	–	–	95,000	79,500
International	113,987	–	–	–	–	–	–	113,987	–
Special projects	6,000	–	–	–	–	–	–	6,000	5,000
Interest	90,442	–	–	–	–	–	–	90,442	267,050
Other income	207,314	–	–	–	–	–	–	207,314	197,860
	2,278,746	–	–	164,905	(23,456)	20,000	–	2,440,195	18,903,430
Expenditures									
Science & Technology Award Programs: Technology B.C.	–	–	–	–	–	–	–	–	754,140
Human Resource Award Programs: GREAT	963,951	–	–	–	–	–	–	963,951	951,936
Aquaculture	176,573	–	–	–	–	–	–	176,573	108,325
B.C. STIP	–	–	–	176,904	–	–	–	176,904	123,125
Communications and recognition	141,036	–	–	–	–	–	–	141,036	226,971
ECO-Design	47,407	–	–	–	–	–	–	47,407	125,693
Fisheries Renewal B.C.	–	–	–	–	–	–	–	–	209,561
Forestry Innovation Investment	66,631	–	–	–	–	–	–	66,631	–
Forest Renewal B.C.	–	–	1,258,450	–	–	–	–	1,258,450	13,696,006
Green Economy	–	–	–	–	–	–	–	–	2,686
I.B.M. Development Scholarship	112,300	–	–	–	–	–	–	112,300	115,000
International	332,587	–	–	–	–	–	–	332,587	5,209
Science Fair Recognition	39,185	–	–	–	–	–	–	39,185	54,064
Special projects	39,000	–	–	–	–	–	–	39,000	17,780
Operations	1,509,627	116,281	139,419	–	5,706	4,599	94,967	1,870,599	2,563,618
Interest expense	–	–	–	1,397	–	–	–	1,397	3,067
	3,428,297	116,281	1,397,869	178,301	5,706	4,599	94,967	5,226,020	18,957,181
Excess (deficiency) of revenue over expenditures	(1,149,551)	(116,281)	(1,397,869)	(13,396)	(29,162)	15,401	(94,967)	(2,785,825)	(53,751)
Reduction in commitments and refunds	30,967	143,659	767,962	13,623	10,329	–	–	966,540	1,536,592
Excess (deficiency) of revenue over expenditures after reductions	(1,118,584)	27,378	(629,907)	227	(18,833)	15,401	(94,967)	(1,819,285)	1,482,841

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

For the Year Ended 31 March 2003

	Base	Technology B.C.	Forest Renewal B.C.	B.C. STIP	Fisheries Renewal B.C.	Health Product & Functional Food	Capital Assets	Total 2003	Total 2002
	$	$	$	$	$	$	$	$	$
Cash provided for (used in):									
Operating activities									
Excess (deficiency) of revenues over expenditures after reductions	(1,118,584)	27,378	(629,907)	227	(18,833)	15,401	(94,967)	(1,819,285)	1,482,841
Add (deduct) transfers	4,110,550	(2,005,089)	(2,172,284)	(227)	19,158	–	47,892	–	–
Excess (deficiency) of revenues over expenditures after reductions and transfers	2,991,966	(1,977,711)	(2,802,191)	–	325	15,401	(47,075)	(1,819,285)	1,482,841
Add (deduct) non-cash transactions	–	–	–	–	–	–	94,967	94,967	96,909
Changes in non-cash working capital balances									
Accounts receivable	(120,508)	–	–	–	–	–	–	(120,508)	14,993
Awards and contributions receivable	73,568	–	1,453,225	(164,905)	–	–	–	1,381,888	8,936,122
Interest receivable	26,548	–	–	–	–	–	–	26,548	11,154
Prepaid expenses	35,947	–	–	–	–	–	–	35,947	3,678
Accounts payable and accrued liabilities	206,913	–	–	–	–	–	–	206,913	(138,188)
Accrued awards and projects	9,440	(440,995)	(5,177,300)	(17,942)	(27,645)	–	–	(5,654,442)	(7,437,176)
	3,223,874	(2,418,706)	(6,526,266)	(182,847)	(27,320)	15,401	47,892	(5,867,972)	2,970,333
Investing activities									
Purchase of capital assets	(47,892)	–	–	–	–	–	–	(47,892)	(19,818)
Financing activities									
Deferred revenue	–	–	–	–	–	–	–	–	(123,513)
Net increase (decrease) in cash	3,175,982	(2,418,706)	(6,526,266)	(182,847)	(27,320)	15,401	47,892	(5,915,864)	2,827,002
Cash - beginning of year	5,764,815	–	2,122,724	–	–	–	–	7,887,539	5,060,537
Transfers	(8,969,122)	2,418,706	4,403,542	182,847	27,320	(15,401)	(47,892)	–	–
Cash - end of year	1,971,675	–	–	–	–	–	–	1,971,675	7,887,539
Supplemental Cash Flow Information:									
Interest received	115,592	–	–	–	–	–	–	115,592	156,091

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 March 2003

1. Statement of Purpose

The Science Council of British Columbia was established in 1978 under the Science Council of British Columbia Act. In 1989, the Science Council of British Columbia and the Secretariat on Science, Research and Development were amalgamated pursuant to the Science Council Act, Chapter 77, and continued as the Science Council of British Columbia ("Science Council"). The Council's name was changed from Science Council of British Columbia to Innovation and Science Council of British Columbia through Royal Assent on 12 March 2003.

Under Section 13 of the Science Council Act, directors, officers and employees have certain immunities in the exercise of their duties carried out in connection with the Science Council.

The Science Council's mission is to promote economic development and enhance the quality of life in British Columbia through innovative applications of science and technology. The following funds are represented in the financial statements:

(a) Base Funding

Base Funding accounts for the Science Council's general program delivery and administrative activities, including GREAT scholarships, on behalf of the Science, Technology and Telecommunications Division of the Ministry of Competition, Science and Enterprise.

(b) Technology B.C.

The purpose of the Technology B.C. program is to stimulate scientific research and the use of technology applicable to economic development in the province by providing funding for applied research and development in various economic sectors and in eligible technologies, on behalf of the Science, Technology and Telecommunications Division of the Ministry of Competition, Science and Enterprise.

(c) Health Product and Functional Food Program

The purposes of the Health Product and Functional Food Program is to foster growth and development of the health product and functional food industry in British Columbia, by funding projects that further the growth and expansion of the BC industry. The program is administered on behalf of the British Columbia Functional Foods and Nutraceuticals Network.

(d) Forest Renewal B.C. (FRBC)

The purpose of the FRBC research program is to fund research and development projects, that add to the knowledge base needed to sustain the full range of resources and values derived from the forest, and to build a more productive provincial forest sector, on behalf of Forest Renewal B.C.

Notes to the Financial Statements

For the Year Ended 31 March 2003

1. Statement of Purpose – Continued

(e) B.C. Science & Technology Infrastructure Program (B.C. STIP)

This program provides funds to institutions in order to assist them in the preparation of proposals for funding to the Canada Foundation for Innovation (CFI). Successful applications are required to have CFI funds matched by income from other sources, and this program also provides a portion of those funds, on behalf of Discovery Foundation.

(f) Fisheries Renewal B.C. (F.S.R.B.C.)

The purpose of the F.S.R.B.C. research program is to fund research and development projects which will assist in the rebuilding of the fisheries industry in B.C.

(g) Capital Assets

This fund accounts for capital assets acquired by the Innovation and Science Council.

(h) Cancelled Programs

The following programs have been cancelled as of or before 31 March 2002:

- Technology BC - Fisheries Renewal BC - Forest Renewal BC

Final disbursements for the above programs have been made in fiscal 2003. There will be no further activity in these funds after 31 March 2003. The Forest Renewal BC surplus available from administrative charges of $2,172,284 together with the surplus from Technology BC of $2,005,089 and the deficit from Fisheries Renewal BC of $19,158 have been transferred to base funding as at 31 March 2003 (refer to the statement of appropriations).

2. Summary of Significant Accounting Policies

(a) Operations

The Science Council's operations are dependent upon the continued funding from the various governmental agencies to carry out its programs. Over the past few years, these funding sources have continued to decline. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles which contemplate the continuation of the Science Council as a "going concern".

2. Summary of Significant Accounting Policies – Continued

(b) Financial Instruments

The Science Council's financial instruments consist of cash and short-term investments, accounts receivable, awards and contributions receivable, accounts payable and accrued liabilities and accrued awards and projects payable. Unless otherwise noted, it is management's opinion that the Science Council is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The Science Council invests surplus funds in accordance with the BC Financial Administration Act (RSCBC 1996) Chapter 138.

(c) Basis of Accounting for Revenues, Expenditures and Appropriations

The Science Council follows the restricted fund method of accounting for contributions under which separate details of the financial statement elements are reported as either restricted or unrestricted.

Award revenues are accounted for in the year the government organization commits to disburse the award amounts to the Science Council.

Full provision is made for all accrued liabilities at 31 March 2003, including outstanding Program commitments payable within the following year, which are accrued when committed.

(d) Restricted and Unrestricted Appropriations

No provision has been made for future operational expenses required for normal delivery of existing programs.

(e) Short-term Investments

Short-term investments are recorded at the lower of cost and market value.

(f) Capital Assets

Capital assets with a value greater than $2,000 are recorded at cost and amortized over their estimated useful lives at the following annual rates:

Furniture, fixtures and equipment	20%	declining balance
Computer hardware and software	33 1/3%	declining balance
Leasehold improvements	70 months	straight-line

3. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2003	Net Book Value 2002
Furniture, fixtures and equipment	$ 44,945	$ 33,634	$ 11,311	$ 14,139
Computer hardware and software	395,396	298,802	96,594	85,026
Leasehold improvements	325,592	288,381	37,211	93,026
	$ 765,933	$ 620,817	$ 145,116	$ 192,191

The capital asset fund balance comprises the following:

	2003	2002
Transfers from other programs, included in operations expenditures in those programs.	$ 440,341	$ 392,449
Non-repayable tenant inducement amortized over the remaining term of the premises lease.	125,000	125,000
Tenant inducements, to be repaid over the lease term as an increase in monthly premises rental payments, amortized over the remaining term of the premises lease. As at 31 March 2003, $28,654 remains to be amortized.	200,592	200,592
	765,933	718,041
Less: Accumulated amortization	(620,817)	(525,850)
	$ 145,116	$ 192,191

4. Commitments

In July 2002, the Science Council moved its office premises and is subleasing the old office premises to another party until the lease expires on 31 January 2004. The Science Council is committed to lease its new office premises until 31 August 2005 at a monthly rental of approximately $5,000.

The Science Council leases office premises in the Philippines at a monthly rental of approximately $2,439. This lease expires 19 November 2005.

The Science Council is also committed to lease a photocopier until 31 March 2007 at a quarterly rental of $2,974 and a fax machine until 31 March 2007 at a quarterly rental of $252.

Total lease commitments for the next four years are as follows:

2004	$ 227,914
2005	103,831
2006	58,426
2007	11,896
	$ 402,067

5. Letter of Guarantee

The Science Council has deposited with the Canadian International Development Agency (CIDA) a Bank Guarantee in the amount of $500,000. This letter of guarantee is to provide assurance to CIDA as to repayment of certain amounts funded by CIDA on the PEARL2 project in the Philippines should the Science Council default on its obligations under the project contract.

British Columbia's sights are set on nothing less than becoming one of the world's **top ten technology centers** by 2006. Reaching this goal requires a commitment to develop the people, infrastructure and environment that will propel the steady drive toward a **world-class knowledge economy**. The Science Council taps into the insight and original thinking of people around the province in order to **identify new business** opportunities and maximize existing strengths. It's something we've been doing for 25 years. Our position at the point where government, academic, private sector, and public interests converge provides us with a **unique perspective** and an ability to generate the critical mass of expertise, infrastructure, and **innovative drive** that takes R&D from the lab to the global marketplace.

www.scbc.org

Science Council of British Columbia

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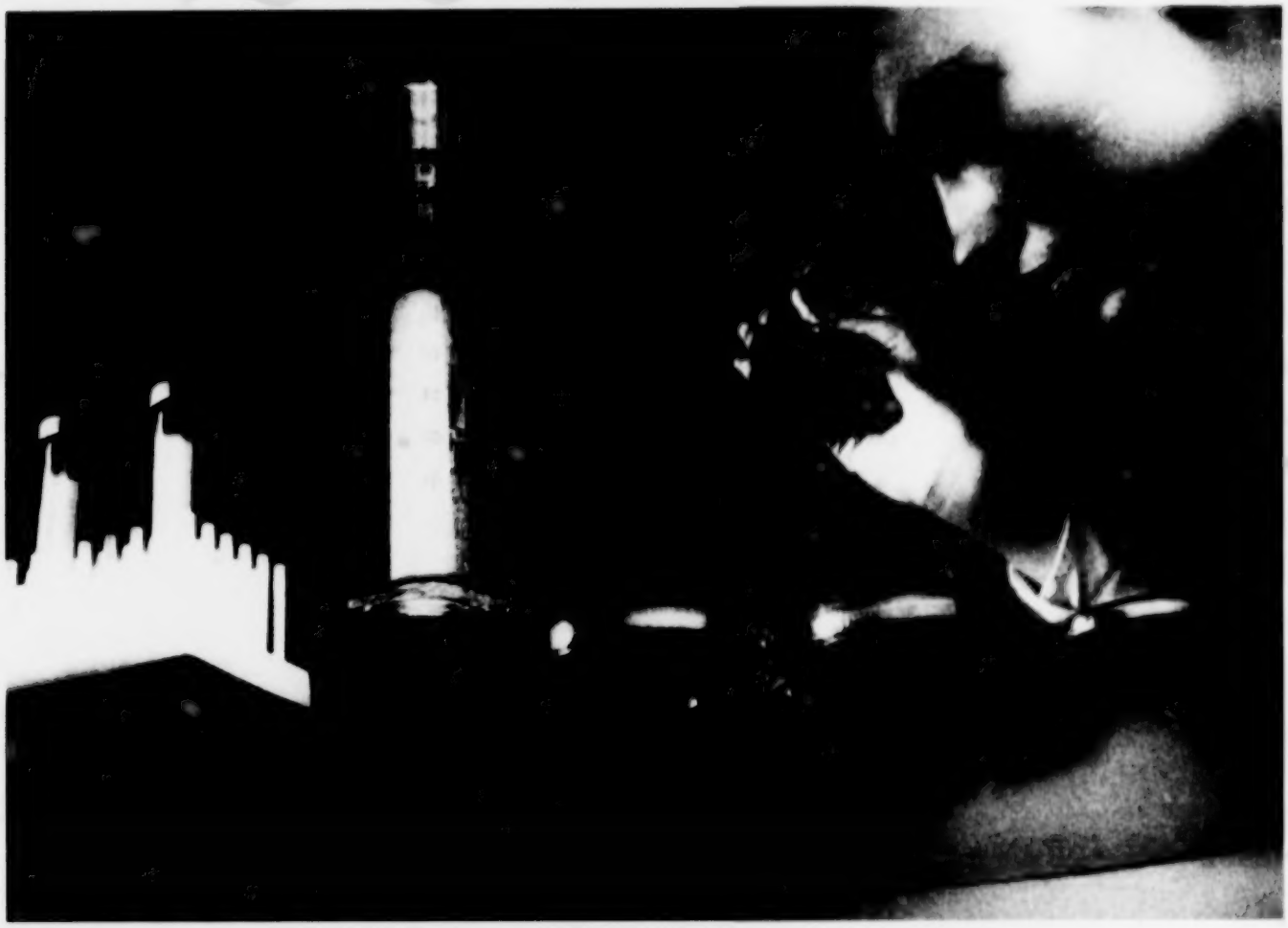

Science Council of British Columbia

25 years of innovation